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BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

COMMISSIONERS

DOCKETED

DEC -9 2008

MIKE GLEASON, Chairman
WILLIAM A. MUNDELL
JEFF HATCH-MILLER
KRISTIN K. MAYES
GARY PIERCE

DOCKETED BY

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In the matter of:

DEAN A. SEVERNS and CHERYL E.
SEVERNS, husband and wife

SEVERNS PROPERTIES, LLC, an Arizona
limited liability company

SEVERNS CAPITAL, LLC, an Arizona
limited liability company

J.DEAN, LLC, an Arizona limited liability
company

Respondents.

DOCKET NO. S-20634A-08-0519

DECISION NO. 70634

**ORDER TO CEASE AND DESIST, ORDER
OF RESTITUTION, ORDER FOR
ADMINISTRATIVE PENALTIES AND
CONSENT TO SAME BY:**

**DEAN A. SEVERNS
CHERYL E. SEVERNS
SEVERNS PROPERTIES, LLC
SEVERNS CAPITAL, LLC
J.DEAN, LLC**

Respondents DEAN A. SEVERNS ("SEVERNS"), CHERYL E. SEVERNS, SEVERNS PROPERTIES, LLC, an Arizona limited liability company, ("SEVERNS PROPERTIES"), SEVERNS CAPITAL, LLC, an Arizona limited liability company, ("SEVERNS CAPITAL"), and J.DEAN, LLC, an Arizona limited liability company, ("J. DEAN") elect to permanently waive any right to a hearing and appeal under Articles 11 and 12 of the Securities Act of Arizona, A.R.S. § 44-1801 *et seq.* ("Securities Act") with respect to this Order To Cease and Desist, Order of Restitution, and Order for Administrative Penalties ("Order"). Respondents SEVERNS, CHERYL E. SEVERNS, SEVERNS PROPERTIES, SEVERNS CAPITAL AND J. DEAN admit the jurisdiction of the Arizona Corporation Commission ("Commission"); neither admit nor deny the Findings of Fact and Conclusions of Law contained in this Order; and consent to the entry of this Order by the Commission.

I.**FINDINGS OF FACT**

1. The Commission has jurisdiction over this matter pursuant to Article XV of the Arizona Constitution and the Securities Act.

2. At all times material hereto, SEVERNS was residing in Arizona.

3. At all times material hereto, CHERYL E. SEVERNS was residing in Arizona.

4. SEVERNS and CHERYL E. SEVERNS, are husband and wife.

5. CHERYL E. SEVERNS was joined in this action under A.R.S. §§ 44-2031(C) and 44-3291(C) solely for purposes of determining the liability of the marital community. CHERYL E. SEVERNS may be referred to as Respondent Spouse.

6. At all times relevant, SEVERNS was acting for his own benefit and the benefit and in furtherance of SEVERNS and Respondent Spouse's marital community.

7. SEVERNS PROPERTIES is an Arizona limited liability company organized on or about July 5, 2005.

8. According to Commission records, DEAN A. SEVERNS and CHERYL E. SEVERNS are the sole members and managers of SEVERNS PROPERTIES.

9. SEVERNS CAPITAL is an Arizona limited liability company organized on or about April 27, 2007.

10. According to Commission records, SEVERNS and CHERYL E. SEVERNS are the sole members and managers of SEVERNS CAPITAL.

11. J.DEAN is an Arizona limited liability company organized on or about November 9, 2006.

12. According to Commission records, DEAN A. SEVERNS, CHERYL E. SEVERNS and others are managers and members of J.DEAN.

1 13. SEVERNS, SEVERNS PROPERTIES, SEVERNS CAPITAL and J. DEAN may be
2 referred to collectively as "Respondents".

3 14. Beginning in or around 2006, the Respondents offered and sold securities in the
4 form of promissory notes and/or investment contracts (hereinafter "Investments") to at least 28
5 investors, the majority of which reside in Arizona.

6 15. At all times relevant, the Respondents were not registered with the Commission as
7 dealers or salesmen.

8 16. At all times relevant, the Investments were not registered with the Commission.

9 17. SEVERNS PROPERTIES, SEVERNS CAPITAL, and J.DEAN, through their
10 members and managers, offered and sold Investments to investors. The investment group was first
11 called Millionaire Bound Investment Group ("MBIG"), then Investors-4-Investors ("I4I") and
12 finally Severns Partners.

13 18. SEVERNS invited investors to join these investment groups and made statements
14 regarding the Investments to the investors.

15 **A. MILLIONAIRE BOUND INVESTMENT GROUP (MBIG)**

16 19. Beginning in or around January 2006, SEVERNS formed MBIG and offered the
17 investors the opportunity to invest in a fund that would purchase a single property, an apartment
18 complex, to renovate it and then resell it as condominiums. The project was Mountain View
19 Apartments ("Mountain View").

20 20. SEVERNS held investor meetings for actual and/or potential MBIG investors in
21 which SEVERNS discussed the investment and the MBIG group.

22 21. SEVERNS presented to the investors Mountain View as the property that he
23 selected for the MBIG group investment. Additionally, he presented goals for the MBIG group to
24 achieve and needs that the MBIG group could satisfy. Those goals and needs included the
25 following: "increase net worth, to leave a legacy/generational education and wealth, retirement,
26 security, life force, inspiration, life style, money leverage, guidance, and freedom."

1 22. SEVERNS failed to provide material information regarding the evaluation of the
2 investment. The MBIG presentations included listing the "DEAL EVALUATION" factors for the
3 investment (such as highest and best use, acquisition price vs. appraised value, cash flow, terms,
4 future potential, short term vs. long term and realtor application).

5 23. The MBIG investors were not told the interest rate of the loan used to purchase the
6 property, the length of the loan, whether the property would be refinanced to support the
7 rehabilitation, the timeframe for completing the rehabilitation, contingency plans for cost overruns,
8 and marketing plans to sell the individual condominiums.

9 24. Many of the MBIG investors were unsophisticated and inexperienced in investing.
10 SEVERNS used a reference to Mother Theresa, biblical quotes, and his own pursuit of money to
11 discuss investing. SEVERNS suggested the book, "The Millionaire Next Door," to the investors as
12 a reading assignment.

13 25. SEVERNS told MBIG investors that the investment was safe. SEVERNS told the
14 MBIG investors that he did not need or want their money ([he] "had millions in personal wealth")
15 and had access to two hundred million dollars (\$200,000,000) in private money through a mortgage
16 broker.

17 26. SEVERNS told MBIG investors that their promissory notes would be secured by the
18 purchase of the real estate.

19 27. SEVERNS promised MBIG investors a rate of return of 10-14% for a term of 360
20 days in addition to a return of 10% as part of a profit pool, depending upon the success of the
21 investment. SEVERNS or SEVERNS PROPERTIES, through SEVERNS, issued unsecured
22 promissory notes with an interest rate of 14% to the MBIG investors. The 10% profit pool was not
23 included in the promissory notes.

24 28. SEVERNS told MBIG investors that he had many years of experience in real estate
25 investing, including investments in duplexes and fourplexes. However, SEVERNS failed to
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1 disclose to at least one MBIG investor that he did not have experience converting an apartment
2 complex into condominiums to sell as individual units.

3 29. SEVERNS failed to provide information sufficient to give investors full disclosure
4 regarding the experience of those persons hired to convert the Mountain View apartments into
5 condominiums. SEVERNS told at least one MBIG investor that he would hire an experienced
6 contractor to manage the reconstruction of the Mountain View property. SEVERNS hired a
7 licensed contractor with no history of managing the conversion of an apartment complex to
8 condominiums to oversee the Mountain View project.

9 30. SEVERNS instructed MBIG investors to make their funds payable to SEVERNS
10 PROPERTIES. On or about April 2006, SEVERNS PROPERTIES became the owner of the
11 Mountain View property. SEVERNS acted as the buyer's agent, arranged the financing, and
12 signed the real estate contracts on behalf of SEVERNS PROPERTIES. None of the MBIG
13 investors were listed on the property deed.

14 31. SEVERNS, on behalf of SEVERNS PROPERTIES, contracted to purchase at least
15 three other properties using MBIG investor funds: another apartment complex to be converted into
16 condominiums, a parcel with a storage building on it, and vacant land.

17 32. At least two of the additional properties contracted for purchase resulted in the loss
18 of MBIG investor funds. In one instance, investor funds used to make the escrow deposit were lost
19 on a property that did not close. In another instance, investor funds used to make monthly
20 mortgage payments were lost when the property was foreclosed upon.

21 33. SEVERNS told at least one MBIG investor prior to investing that he would not earn
22 commissions through the use of investor funds or money on the investor funds. SEVERNS earned
23 a commission on at least one property while acting as buyer's and/or seller's agent on behalf of
24 SEVERNS PROPERTIES.

25 **B. INVESTORS-4-INVESTORS (I4I), SEVERNS PARTNERS, and**
26 **SUBSEQUENT INVESTORS**

1 34. Beginning in or around November 2006, SEVERNS renamed MBIG in favor of a
2 new real estate investment group called Investors-4-Investors (I4I) to offer and sell Investments.
3 A majority of the MBIG investors were merged into I4I without their consent.

4 35. SEVERNS continued the investor meetings as I4I. As compared to the MBIG
5 investment group, there were at least two changes to the I4I investment group: an increase in the
6 number of investments being offered and the introduction of the concept of a Power Team,
7 whereby existing investors would bring in new investors and their funds to I4I.

8 36. SEVERNS told at least one I4I investor that the investments were safe regardless of
9 market conditions. SEVERNS told at least one I4I investor the structure of the investments made
10 them "bullet proof," that investor funds were secured by real estate assets, that he did not need any
11 of the investor money, and that he was worth millions.

12 37. SEVERNS told the I4I investors that "[I4I] would not go under contract without at
13 least 30% of total financing from Investors 4 Investors, therefore I will personally invest a
14 maximum of 70% from my personal funds." One property went under contract for \$800,000, but
15 \$744,000 was financed with unsecured promissory notes.

16 38. SEVERNS told at least one I4I investor prior to investing about a return matrix
17 which showed what an investor could expect to earn as a return if they invested with him. The
18 matrix showed a return of 8% to 30% based upon investing an amount from \$10,000 to \$500,000.

19 39. The I4I investors received unsecured promissory notes with an interest rate of 14%
20 for a term of 360 days or unsecured promissory notes with an interest rate of 14% in addition to a
21 payment of between 0-2 points. SEVERNS directed the investors to make their funds payable to
22 SEVERNS PROPERTIES. SEVERNS, on behalf of SEVERNS PROPERTIES and SEVERNS
23 CAPITAL, issued the unsecured promissory notes. SEVERNS did not disclose to at least one
24 investor that one entity would receive the funds but another entity would be the issuer of the
25 unsecured promissory note.
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1 40. Beginning in or around June 2007, SEVERNS changed the name of the investment
2 group from I4I to Severns Partners. In addition to the investors who joined MBIG, I4I, or Severns
3 Partners, SEVERNS solicited additional investors (the additional investors may be referred to as
4 “subsequent investors,” and MBIG, I4I, Severns Partners and any subsequent investors may be
5 collectively referred to as “investors”).

6 41. SEVERNS failed to disclose to at least one I4I, one Severns Partners investor and
7 one subsequent investor prior to their investment that there had been a loss of investor funds in
8 investment properties.

9 42. SEVERNS offered at least one I4I investor opportunities in properties, including
10 vacant land, an apartment complex and an office building. SEVERNS selected the properties for
11 the investments and signed the contracts on behalf of SEVERNS PROPERTIES.

12 43. SEVERNS told at least one I4I investor the investment funds were applied to the
13 purchase of an office building, and told at least one subsequent investor and one Severns Partners
14 investor that their money was used for an unspecified real estate project. However, the I4I investor
15 did not receive any form of documentation indicating the investor funds were applied to the
16 purchase of the office building. The subsequent investor and Severns Partners investor were not
17 told which real estate project their funds were used for.

18 44. SEVERNS told at least two subsequent investors and at least one Severns Partners
19 investor their investment funds were safe. SEVERNS told at least one of the subsequent investors
20 he had millions in wealth to pay off the promissory notes.

21 45. The majority of the investors receiving unsecured promissory notes issued from
22 SEVERNS CAPITAL had interest rates of 14%, while some had 8%, in addition to between zero
23 and two points and a term of 360 days.

24 46. One subsequent investor purchased an unsecured promissory note from J.DEAN in
25 order to earn interest to fund the investor’s home remodeling project. SEVERNS, on behalf of
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1 J.DEAN, issued a promissory note with an 8% return on funds and a due date of 360 days.

2 J.DEAN did not pay interest and did not return the principal after 360 days.

3 **C. GENERAL ALLEGATIONS**

4 47. Many of the investors did not have readily available funds to invest. Some investors
5 funded their investments by using their homes by taking out a Home Equity Line of Credit
6 ("HELOC") and/or withdrawing the equity from their homes using a first deed of trust, and using
7 funds in IRA accounts. At least one I4I investor was shown a chart showing the gains from
8 investing even after paying the HELOC loan.

9 48. SEVERNS PROPERTIES, through SEVERNS, purchased or attempted to purchase
10 properties using investor funds.

11 49. At the direction of DEAN A. SEVERNS, CHERYL E. SEVERNS sent investors
12 quarterly statements showing the investors their investment activity. The Statement of Account
13 showed the date invested, amount invested, interest rate percent, accrued interest earned, interest
14 paid, date paid and account balance.

15 50. DEAN A. SEVERNS and CHERYL E. SEVERNS, at the direction of DEAN A.
16 SEVERNS, controlled the Respondents' accounts. This included reviewing bills, paying bills,
17 writing checks, transferring funds, and paying investors, including interest payments, HELOC
18 payments, and the return of one investor's investment funds.

19 51. SEVERNS told investors that the investors could call their unsecured promissory
20 notes due and the notes would be paid. When the investors called their funds, SEVERNS offered
21 to pay draws (representing future profits from the investment), offered employment with the
22 company, offered to issue new promissory notes with revised interest rates, offered to pay the
23 interest on the investor HELOC loans, or offered to pay investors when the Mountain View
24 projected was refinanced in 2007.

1 52. SEVERNS, on behalf of SEVERNS PROPERTIES, refinanced the Mountain View
2 property on or about November 2007, but did not return any funds to an investor who was
3 promised a return after the refinancing was completed.

4 53. Some of the investors received funds to pay their HELOC payments for a few
5 months, but then the payments stopped because DEAN A. SEVERNS did not have the funds to
6 continue making payments.

7 54. SEVERNS, on behalf of SEVERNS PROPERTIES, sold at least one of the
8 properties in or around January 2008 that was purchased with investor funds. SEVERNS entered
9 into an agreement whereby the sale included a lease carry back provision on a portion of the sales
10 price. None of the proceeds from the sale or the lease carry back were returned to the investors.

11 55. Respondents failed to disclose to at least one investor that they used investor funds
12 to pay operation expenses of other entities which SEVERNS was a member and/or manager, as
13 well as use a portion of the investor funds for the expenses of SEVERNS and CHERYL E.
14 SEVERNS (including but not limited to, car loans, mortgages and travel), and to use investor funds
15 to pay, on behalf of an investor, the outstanding balance of an investor's purchase of a vacation
16 and/or resort property.

17 56. The Respondents failed to disclose to at least one investor that investor funds were
18 used to repay at least one other investor's investment and to make investors' HELOC payments
19 and interest payments.

20 57. The Respondents did not provide at least one investor with any offering documents,
21 financial information, or the basis for the projected costs and/or projected sales regarding property
22 purchases financed by the investors.

23 58. The investors lost a majority of their investor funds. At least one subsequent
24 investor is now facing the loss of their home.

1 59. The Respondents offered and sold \$3,762,957.22 in promissory notes and/or
2 investment contracts, returned \$281,841.85 to the investors, for a total of \$3,481,115.37 that is
3 owed to the investors.

4 || II.

5 CONCLUSIONS OF LAW

6 1. The Commission has jurisdiction over this matter pursuant to Article XV of the
7 Arizona Constitution and the Securities Act.

8 2. Respondents offered or sold securities within or from Arizona, within the meaning
9 of A.R.S. §§ 44-1801(15), 44-1801(21), and 44-1801(26).

10 3. Respondents violated A.R.S. § 44-1841 by offering or selling securities that were
11 neither registered nor exempt from registration.

12 4. Respondents violated A.R.S. § 44-1842 by offering or selling securities while
13 neither registered as dealers or salesmen nor exempt from registration.

14 5. Respondents violated A.R.S. § 44-1991 by (a) employing a device, scheme, or
15 artifice to defraud, (b) making untrue statements or misleading omissions of material facts, and (c)
16 engaging in transactions, practices, or courses of business that operate or would operate as a fraud
17 or deceit. Respondents' conduct included:

- 18 a. Failing to disclose that a portion of the investor funds would be used for the
19 expenses of SEVERNS and CHERYL E. SEVERNS, including but not limited
20 to, the payment of car loans, mortgages and travel, and to use investor funds to
21 pay, on behalf of an investor, the outstanding balance of an investor's purchase
22 of a vacation and/or resort property;
- 23 b. Failing to disclose that investor funds would be used to repay other investors;
- 24 c. Failing to fully disclose any risks associated with the promissory notes,
25 including potential loss of investor funds and that the notes were unsecured;
- 26 d. Failing to disclose the investment history and/or performance;

- e. Misrepresenting the nature of the investment, including statements that the investors would have secured interests, offering interests in properties that were already under contract, and that SEVERNS would not enter into contracts without a 70% investment by SEVERNS and a 30% investment by I4I;
- f. Misrepresenting that the entity receiving the funds was not the same entity that issued the unsecured promissory notes;
- g. Misrepresenting that SEVERNS would not earn commissions through the use of investor funds or money on the investor funds;
- h. Misrepresenting SEVERNS' real estate investing experience;
- i. Misrepresenting that the investment was safe, including but not limited to, statements that SEVERNS had his own personal wealth, had access to private money through a mortgage broker, that the investors would have secured promissory notes, that the investment was bullet proof, and that investor funds could be returned upon request; and
- j. Misrepresenting that investors would make substantial profits by investing.

6. SEVERNS directly or indirectly controlled SEVERNS PROPERTIES, SEVERNS CAPITAL, and J.DEAN, by or through membership and/or as manager. Therefore, SEVERNS is jointly and severally liable under A.R.S. § 44-1999 to the same extent as SEVERNS PROPERTIES, SEVERNS CAPITAL, and J.DEAN for their violations of A.R.S. § 44-1991.

7. Respondents' conduct is grounds for a cease and desist order pursuant to A.R.S. § 44-2032.

8. Respondents' conduct is grounds for an order of restitution pursuant to A.R.S. § 44-2032.

9. Respondents' conduct is grounds for administrative penalties under A.R.S. § 44-2036.

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1 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036, that Respondents and the
2 marital community of SEVERNS and Respondent Spouse, shall jointly and severally, pay an
3 administrative penalty in the amount of \$150,000.00. Payment shall be made to the "State of
4 Arizona." Any amount outstanding shall accrue interest at the rate of 10% per annum from the
5 date of this Order until paid in full. The payment obligations for these administrative penalties
6 shall be subordinate to any restitution obligations ordered herein and shall become immediately
7 due and payable only after restitution payments have been paid in full or upon Respondents'
8 default with respect to Respondents' restitution obligations.

9 For purposes of this Order, a bankruptcy filing by any of the Respondents shall be an act of
10 default. If any Respondent does not comply with this Order, any outstanding balance may be
11 deemed in default and shall be immediately due and payable.

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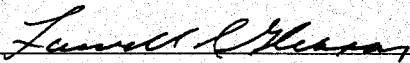
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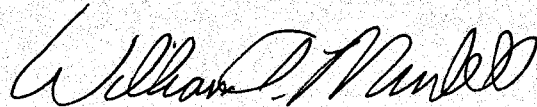
IT IS FURTHER ORDERED, that if any Respondent fails to comply with this order, the Commission may bring further legal proceedings against that Respondent, including application to the superior court for an order of contempt.

IT IS FURTHER ORDERED that this Order shall become effective immediately.

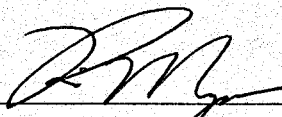
BY ORDER OF THE ARIZONA CORPORATION COMMISSION



CHAIRMAN

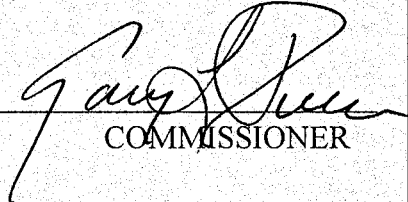


COMMISSIONER



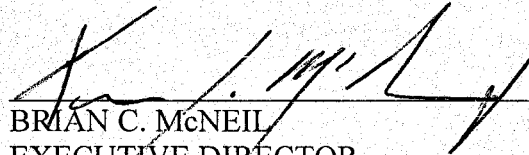
COMMISSIONER

COMMISSIONER



COMMISSIONER

IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive Director of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this 9th day of December, 2008.


BRIAN C. McNEIL
EXECUTIVE DIRECTOR

DISSENT

DISSENT

This document is available in alternative formats by contacting Linda Hogan, ADA Coordinator, voice phone number 602-542-3931, e-mail lhogan@azcc.gov.

(AV)

CONSENT TO ENTRY OF ORDER

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2 1. Respondents DEAN A. SEVERNS, SEVERNS PROPERTIES, LLC, an Arizona
3 limited liability company, SEVERNS CAPITAL, LLC, an Arizona limited liability company, and
4 J.DEAN, LLC, an Arizona limited liability company (collectively, "Respondents") and CHERYL E.
5 SEVERNS ("Respondent Spouse") admit the jurisdiction of the Commission over the subject
6 matter of this proceeding. Respondents and Respondent Spouse acknowledge that Respondents
7 and Respondent Spouse have been fully advised of their right to a hearing to present evidence and
8 call witnesses and they knowingly and voluntarily waive any and all rights to a hearing before the
9 Commission and all other rights otherwise available under Article 11 of the Securities Act and
10 Title 14 of the Arizona Administrative Code. Respondents acknowledge that this Order to Cease
11 and Desist, Order of Restitution and Order for Administrative Penalties ("Order") constitutes a
12 valid final order of the Commission.

13 2. Respondents and Respondent Spouse knowingly and voluntarily waive any right
14 under Article 12 of the Securities Act to judicial review by any court by way of suit, appeal, or
15 extraordinary relief resulting from the entry of this Order.

16 3. Respondents and Respondent Spouse acknowledge and agree that this Order is
17 entered into freely and voluntarily and that no promise was made or coercion used to induce such
18 entry.

19 4. Respondents and Respondent Spouse acknowledge that Respondents and
20 Respondent Spouse have been represented by an attorney in this matter, Respondents and
21 Respondent Spouse have reviewed this Order with their attorney, Alan S. Baskin, Esq., and
22 understand all terms it contains.

23 5. Respondents and Respondent Spouse neither admit nor deny the Findings of Fact
24 and Conclusions of Law contained in this Order. Respondents and Respondent Spouse agree that
25 they shall not contest the validity of the Findings of Fact and Conclusions of Law contained in this
26 Order in any present or future administrative proceeding before the Commission or any other state

1 agency concerning the denial or issuance of any license or registration required by the state to
2 engage in the practice of any business or profession.

3 6. By consenting to the entry of this Order, Respondents and Respondent Spouse agree
4 not to take any action or to make, or permit to be made, any public statement denying, directly or
5 indirectly, any Finding of Fact or Conclusion of Law in this Order or creating the impression that
6 this Order is without factual basis. Respondents and Respondent Spouse will undertake steps
7 necessary to assure that all of their agents and employees understand and comply with this
8 agreement.

9 7. While this Order settles this administrative matter between Respondents,
10 Respondent Spouse, and the Commission, Respondents and Respondent Spouse understand that
11 this Order does not preclude the Commission from instituting other administrative or civil
12 proceedings based on violations that are not addressed by this Order.

13 8. Respondents and Respondent Spouse understand that this Order does not preclude
14 the Commission from referring this matter to any governmental agency for administrative, civil, or
15 criminal proceedings that may be related to the matters addressed by this Order.

16 9. Respondents and Respondent Spouse understand that this Order does not preclude
17 any other agency or officer of the state of Arizona or its subdivisions from instituting
18 administrative, civil, or criminal proceedings that may be related to matters addressed by this
19 Order.

20 10. Respondents agree that Respondents will not apply to the state of Arizona for
21 registration as a securities dealer or salesman or for licensure as an investment adviser or
22 investment adviser representative until such time as all restitution and penalties under this Order
23 are paid in full.

24 11. Respondents agree that Respondents will not exercise any control over any entity
25 that offers or sells securities or provides investment advisory services within or from Arizona until
26 such time as all restitution and penalties under this Order are paid in full.

1 12. Respondents agree that Respondents will not sell any securities in or from Arizona
2 without being properly registered in Arizona as a dealer or salesman, or exempt from such
3 registration; Respondents will not sell any securities in or from Arizona unless the securities are
4 registered in Arizona or exempt from registration; and Respondents will not transact business in
5 Arizona as an investment adviser or an investment adviser representative unless properly licensed
6 in Arizona or exempt from licensure.

7 13. Respondents and Respondent Spouse agree that they will continue to cooperate with
8 the Securities Division including, but not limited to, providing complete and accurate testimony at
9 any hearing in this matter and cooperating with the state of Arizona in any related investigation or
10 any other matters arising from the activities described in this Order. This provision shall not
11 constitute a waiver of Respondents' state and federal rights against self-incrimination.

12 14. Respondent DEAN A. SEVERNS acknowledges that any restitution or penalties
13 imposed by this Order are obligations of him individually, as well as the marital community.

14 15. Respondent Spouse CHERYL E. SEVERNS acknowledges that any restitution and
15 penalties imposed by this Order are obligations of the marital community.

16 16. Respondents and Respondent Spouse consent to the entry of this Order and agree to
17 be fully bound by its terms and conditions.

18 17. Respondents and Respondent Spouse acknowledge and understand that if
19 Respondents or Respondent Spouse fail to comply with the provisions of the order and this
20 consent, the Commission may bring further legal proceedings against them, including application
21 to the superior court for an order of contempt.

22 18. Respondents and Respondent Spouse understands that default shall render
23 Respondents and the marital community of Respondent Spouse liable to the Commission for its
24 costs of collection and interest at the maximum legal rate.

25 19. Respondents and Respondent Spouse agree and understand that if Respondents or
26 Respondent Spouse fail to make any payment as required in the Order, any outstanding balance

1 shall be in default and shall be immediately due and payable without notice or demand.
2 Respondents and Respondent Spouse agree and understand that acceptance of any partial or late
3 payment by the Commission is not a waiver of default by Commission.

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20. DEAN A. SEVERNS represents that he is a member and manager of SEVERNS PROPERTIES, LLC, SEVERNS CAPITAL, LLC, and J.DEAN, LLC and has been authorized by SEVERNS PROPERTIES, LLC, SEVERNS CAPITAL, LLC, and J.DEAN, LLC to enter into this Order for and on behalf of them.

[Signature of Dean A. Severns]

DEAN A. SEVERNS

STATE OF ARIZONA)
) ss
County of)

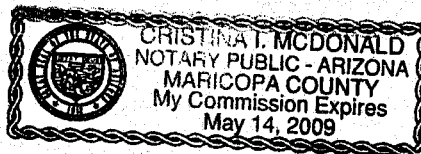
SUBSCRIBED AND SWORN TO BEFORE me this 19th day of November, 2008.

[Signature of Cristina I. McDonald]

NOTARY PUBLIC

My commission expires:

May 14, 2009



[Signature of Cheryl E. Severns]

CHERYLE E. SEVERNS

STATE OF ARIZONA)
) ss
County of)

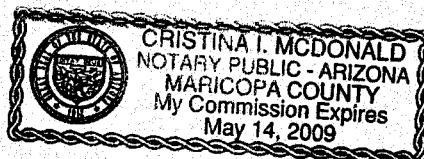
SUBSCRIBED AND SWORN TO BEFORE me this 19th day of November, 2008.

[Signature of Cristina I. McDonald]

NOTARY PUBLIC

My commission expires:

May 14, 2009



SEVERNS PROPERTIES, LLC, an Arizona
limited liability company

By: *Dean A. Severns*

Dean A. Severns

Its: Manager and Member

STATE OF ARIZONA)
) ss
County of)

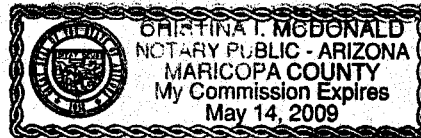
SUBSCRIBED AND SWORN TO BEFORE me this 19th day of November, 2008.

Christina T. McDonald

NOTARY PUBLIC

My commission expires:

May 14, 2009



SEVERNS CAPITAL, LLC, an Arizona
limited liability company

By: *Dean A. Severns*

Dean A. Severns

Its: Manager and Member

STATE OF ARIZONA)
) ss
County of)

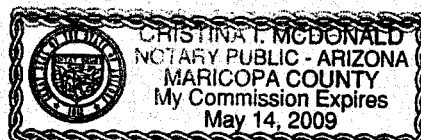
SUBSCRIBED AND SWORN TO BEFORE me this 19th day of November, 2008.

Christina T. McDonald

NOTARY PUBLIC

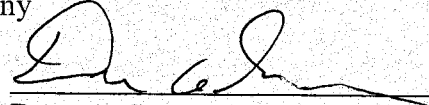
My commission expires:

May 14, 2009



J.DEAN, LLC, an Arizona limited liability
company

By:



Dean A. Severns

Its:

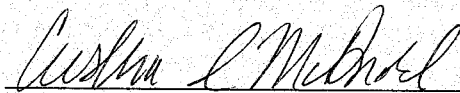
Manager and Member

STATE OF ARIZONA)

) ss

County of)

SUBSCRIBED AND SWORN TO BEFORE me this 19th day of November, 2008.



NOTARY PUBLIC

My commission expires:

May 14, 2009

